

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 503 - HB 753**

March 25, 2021

**SUMMARY OF BILL:** Requires the Department of Finance and Administration (F&A) to pay, or cause to be paid, claims for reimbursements to LEAs for eligible health-related or medical assistance services, if those services are provided: (1) by the LEA pursuant to an eligible student's Individualized Education Plan (IEP); (2) on the campus of an elementary, middle, or high school owned, managed, operated, contracted with, or otherwise affiliated with the LEA or at a Head Start Center or pre-K program affiliated with the LEA; and (3) by an LEA employee or contractor.

Requires the schedule of charges be equal to the highest amount paid by the state to licensed providers for the same services pursuant to a health insurance plan maintained for state employees. Requires claims by LEAs be reimbursed for nonparticipating providers and providers who do not have a contract with a managed care organization administering claims pursuant to this part. Requires LEAs to submit claims by December 31 following the end of the previous school year.

Authorizes licensed healthcare professionals to order services and provide treatment within the healthcare professional's scope of practice without a referral of a physician or other referring practitioner and if the treatment is pursuant to the student's IEP.

Requires F&A to publish an annual report, by December 31 each year, detailing the total amount of claims paid, denied, and the reason for denial.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$95,369,600/FY21-22 and Subsequent Years**

**Increase Federal Expenditures – \$187,584,200/FY21-22 and Subsequent Years**

**Other Fiscal Impact – There may be additional state expenditures to cover the claims for non-TennCare IEP students. Due to multiple unknown factors, the exact impact cannot be quantified.**

Assumptions:

- For purposes of this analysis, it is assumed any claims paid to LEAs through the proposed legislation will be made through the Division of TennCare (TennCare).

- In the 2019 – 2020 academic year, there were 131,408 IEP students in 145 school districts.
- Of those districts, 42 were TennCare participating districts with 38,623 TennCare enrollees. TennCare experienced claims payments of \$15,588,066.
- Based on information provided to TennCare from F&A, the highest amount paid by the State Employee Health Plan is 641 percent more than the average payment rate. Fiscal Review Committee staff does not have access to this information to verify this rate difference.
- An increase in current claims payments are estimated to be \$99,919,503 ( $\$15,588,066 \times 6.41$ ).
- In December 2019, TennCare enrollment was 702,836 for ages 0-18. Tennessee population under 18 years of age is 1,509,247. It is estimated that 47 percent  $[(702,836 / 1,509,247) \times 100]$  of the state child population is enrolled in TennCare.
- It is assumed 47 percent, or 61,195  $(131,408 \times 47.0\%)$  of those IEP students who are not currently in a TennCare participating school district are enrolled in TennCare.
- The cost per student is estimated to be approximately \$2,991 per IEP student  $[(\$15,588,066 + \$99,919,503) / 38,623 \text{ students}]$ .
- TennCare will pay claims for these students resulting in an increase in expenditures of \$183,034,245  $(61,195 \times \$2,991)$ .
- The total increase in expenditures to TennCare is estimated to be \$282,953,748  $(\$99,919,503 + \$183,034,245)$ . These funds are 33.705 percent state dollars and 66.295 percent federal matching funds.
- The increase in state expenditures is \$95,369,561  $(\$282,953,748 \times 33.705\%)$  in FY21-22 and subsequent years.
- The increase in federal expenditures is \$187,584,187  $(\$282,953,748 \times 66.295\%)$  in FY21-22 and subsequent years.
- The proposed legislation is not limited to TennCare enrollees; therefore, there may be additional state expenditures to cover the claims for non-TennCare IEP students. Due to a number of unknown factors, the exact impact cannot be quantified.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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